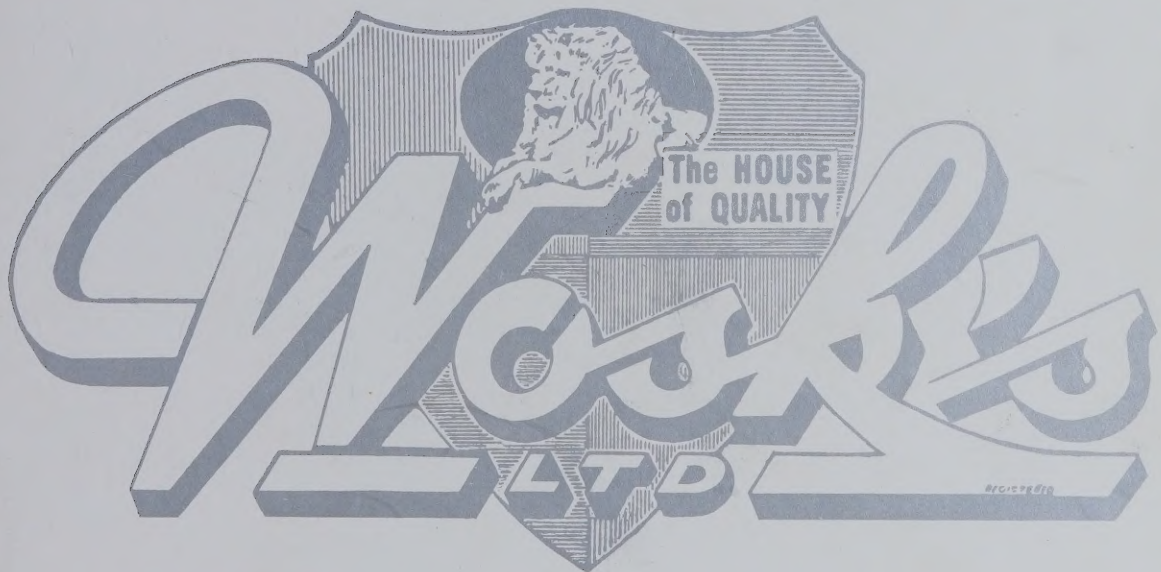



AR15

ANNUAL
REPORT



1969



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ANNUAL REPORT 1969

DIRECTORS:

Ralph M. Barford
J. Arthur Charpentier
Jack Diamond
James Allen Pattison
Ben Wosk
Larry Wosk
Carol Kayla Young

HEAD OFFICE:

62 West Hastings St.,
Vancouver, B. C.

BANKERS:

Bank of Nova Scotia

AUDITORS:

Thorne, Gunn,
Helliwell &
Christenson

TRANSFER AGENTS AND REGISTRAR:

Montreal Trust Company
466 Howe St.,
Vancouver, B. C.

COMPARATIVE HIGHLIGHTS

	<u>Dec. 31, 1969</u>	<u>Previously Reported</u> <u>Dec. 31, 1968</u>	<u>% Change</u>
Sales and Other Revenue	\$7,602,665	\$6,805,706	+ 12
Earnings before income taxes and extraordinary item	352,631	308,914	+ 14
Earnings before extra- ordinary item	(180,131	162,914)	+ 11
Per Share	✓ 33.3c	32.6c	+ 2
Net earnings after extra- ordinary item	242,456	162,914	+ 49
Per Share	44.8c	32.6c	+ 37
Total Assets	8,049,931	4,768,198	+ 69
Long Term Debt	645,424	181,987	+ 255
Shareholders' Equity	3,358,298	1,490,895	+ 125
Employees	133	115	+ 16

* Earnings per share are based on the weighted average of shares outstanding during the year adjusted in 1968 for stock split.

PRESIDENT'S REPORT TO THE SHAREHOLDERS



Ben Wosk, President

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the year ended December 31, 1969 together with the Financial Statements and your Auditor's Report thereon.

When the year began Wosk's Ltd. was (a private company engaged primarily in retailing household furnishings through six retail stores in Greater Vancouver.) By year end Wosk's Ltd. had successfully completed the conversion to a public company had acquired property in Richmond as a potential warehouse site, property in downtown Vancouver for a proposed major hotel site, and property on Whistler Mountain as a proposed recreational development site. Your company also acquired each of the premises, except one, in which its retail outlets were located and purchased and commenced operation of its seventh retail store in greater Vancouver. I feel that in future years we will have an opportunity to utilize these acquisitions to the maximum benefit of our shareholders.

I would like to draw your attention now to the financial statements as reported on by our auditors, Thorne, Gunn, Helliwell & Christenson.

Total revenue increased by almost \$800,000 or 12%. It should be noted however, that since the newest retail outlet was opened November 27, 1969 just over one month's sales for this store are included in the sales total. Also only

two months of revenue is shown for the buildings acquired October 31, 1969 in which Wosk's Ltd. was the major tenant.

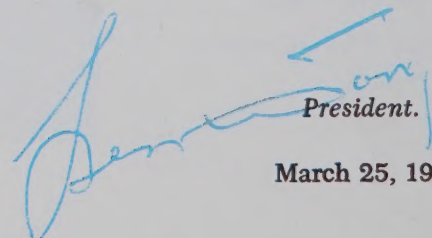
Earnings before income taxes and extraordinary items was up 14% over 1968 and the Net Earnings per share after extraordinary items were up over 37%. Total Assets employed have increased almost 70% over 1968 as your company continues to expand.

Your company has just recently entered into a three year lease for 30,000 sq. ft. of warehouse space in Burnaby, B. C. This, it is hoped, will provide our retailing division with increased efficiency in merchandise handling.

We look forward this year to expansion of retail sales, development of existing property where conditions permit, and continued search for investment opportunities. Based on our record to date, our forecasts, and objectives, the future growth of your Company looks most favourable.

On behalf of the Directors and Management of your Company I wish to express our appreciation to the more than 130 employees of Wosk's Ltd. for their continued support of the Company. This attitude and energy is vital to the continuing success of the Company.

Submitted on behalf of the Board.


President.

March 25, 1970

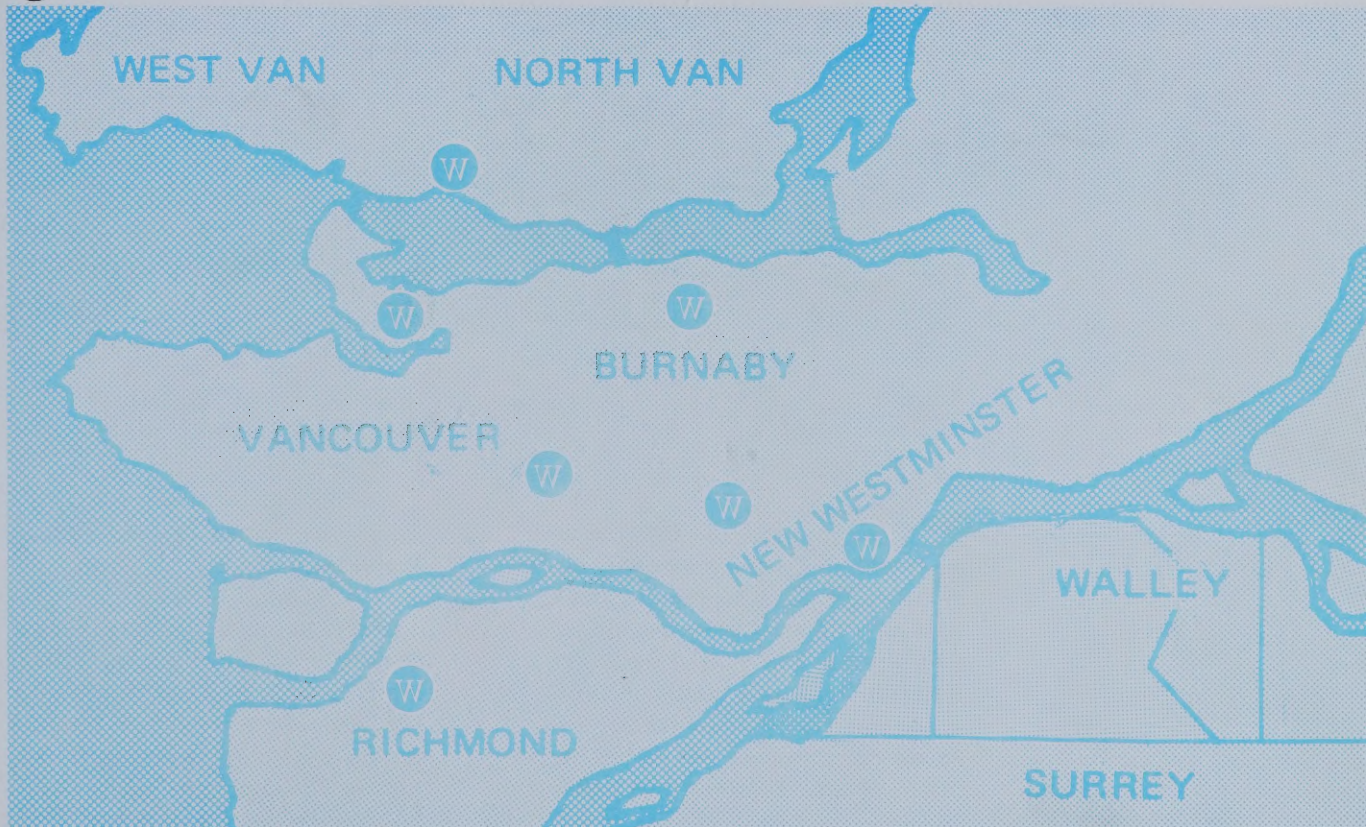
RETAIL DIVISION

Through seven large stores spread throughout the Vancouver lower mainland, Wosk's Ltd. offers its wide range of furniture and home appliances. These stores have a combined floor area of 136,000 sq. ft., the largest, 35,000 sq. ft. is the Company's main store in downtown Vancouver. A 29,000 sq. ft. outlet was opened in North Vancouver in November, 1969. The remaining stores range in size from 9,000 to 21,000 sq. ft. All of the store premises are owned by Wosk's Ltd. except for one store in Burnaby which is leased. The Company also owns a 52,000 sq. ft. warehouse adjoining its main Vancouver store and has recently leased an additional 30,000 sq. ft. in Burnaby.

Sales volume is developed through careful selection of merchandise offered by the manufacturers. Time is spent evaluating the quality of the product, the price at which it will sell and the expected volume of sales to be derived from this source. The purchases are generally made from nationally known manufacturers whose reputation along with that of Wosk's Ltd. backs the products.

An intensive marketing program utilizing full newspaper, radio and T.V. coverage is maintained. The advertising media cover the lower mainland, our current market, and have considerable penetration throughout the remainder of the

W indicates Wosk's Ltd. retail outlets



province. This helps both to stabilize and increase sales.

The Company's policy to sell merchandise at prices generally lower than prices charged by its competitors is another extremely important volume builder.

Operating margins are sustained by the purchase of products in large volume mainly direct from the factories. Through efficient storage and handling of merchandise, costs are controlled.

With the acquisition of its new premises in North Vancouver in November 1969, Wosk's Ltd. has for the first time, an opportunity to substantially increase its market share on the North shore. Initial sales from this outlet have already substantiated management's faith in this location.

This type of expansion takes full advantage of the ability of existing departments and physical facilities

to handle the additional sales volume with relatively little increase in overhead. Such departments include advertising, credit, service, warehousing and shipping.

In selecting this location, management was fully aware of the need for a large attractive retail setting so as to adequately display the variety of merchandise offered to the public. Furthermore it was necessary that the outlet be easily accessible to a large population base and that sufficient parking be provided.

While new store additions are of importance a constant review of present locations is a necessity.

Our store modernization and expansion program for 1970 will be accelerated. Plans have been made to enlarge one store this year and to modernize the general offices at the Company's headquarters in order to handle the projected increase in sales volume efficiently.

REAL ESTATE DIVISION

Income properties comprise property adjoining the main Vancouver store; which is leased to a hotel operator, suites, stores and offices which form part of the buildings containing Wosk's stores in Burnaby and New Westminster; five stores on a property on Columbia Street in New Westminster; and a

retail premises on Fraser Street in Vancouver.

In the succeeding years increased attention will be given to developing this division to its full potential. Already, several new projects are in the planning stages (see Future Developments).



FUTURE DEVELOPMENTS

Your company has plans underway for four major projects which will involve the creation of one or more operating divisions. These projects are a luxury apartment, an apartment hotel, a full service hotel and development of the subsidiary company, Whistler Mountain Holdings Ltd. The ability of the company to complete any of these projects will depend upon satisfactory arrangement of the prerequisites to any project such as zoning and financing, prevailing economic conditions and final approval by the Board of Directors.

APARTMENT

Construction of a 73 suite apartment overlooking the University Golf Course has already begun. This building will contain one and two bedroom apartments in addition to studio suites. The decision to undertake this project was based on the forecast shortage of apartments for Vancouver over the next few years and the existing shortage of apartments near U.B.C. The building is located near good shopping and transportation facilities. Amenities required to give maximum comfort, including underground parking, will be provided. Construction is expected to be completed by the early fall of this year.

APARTMENT HOTEL

Plans are underway for the construction of an apartment hotel opposite the City Hall in Vancouver. This ideal location is but a

few blocks away from the Vancouver General Hospital the largest hospital in Western Canada. The proposed structure would be 16 floors tall. The lower floors will be used for hotel-motel primarily along with a restaurant, lounge and other facilities necessary for its operation. The remaining floors will be apartments for permanent residence, which is badly needed in the area. These are designed for easy conversion to hotel suites should future conditions warrant this.

Rezoning applications are already being considered and mortgage funds have been arranged. It is hoped to begin construction by early summer of this year with completion about 10 months later.

HOTEL

Land has been acquired in downtown Vancouver for an ultra modern hotel. The proposed structure will rise 40 stories above the city and feature a luxurious restaurant and observation deck at the top, with a commanding view of the lower mainland. The building will have over 270 suites and full hotel facilities including restaurants, lounges, banquet rooms, and some 30,000 square feet of commercial space for retail shops and offices. The estimated cost of the project is \$4,000,000. Arrangements for financing have not yet been completed. Subject to these arrangements and prevailing conditions, it is hoped that construction might begin this year.



73 suite apartment



*planned
apartment-hotel complex*



*hotel development for
downtown Vancouver*



WHISTLER MOUNTAIN HOLDINGS LTD.

Wosk's Ltd. has a 75% interest in Whistler Mountain Holdings Ltd. a private company which owns 41 acres of land near Garibaldi, B. C. This is near Whistler Mountain, a popular skiing area being promoted as the site for the 1976 Winter Olympics Games.

The Company is planning a recreational and accommodation development on the site. The complex will include a hotel, shopping centre, condominiums and youth hostels. The final decision on the type of development will be delayed until the site has been chosen for the Games.

WOSK'S LTD.
and subsidiary company
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1969
(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Revenue		
Sales, net of refunds and allowances	\$7,045,036	\$6,342,932
Interest earned on instalment sales and sundry income	557,629	462,774
	<u>7,602,665</u>	<u>6,805,706</u>
Expenses		
Cost of goods sold, selling and administrative expenses before under- noted items (note 8)	7,183,599	6,448,268
Interest on mortgages	24,703	17,611
Depreciation (note 2)	41,732	30,913
	<u>7,250,034</u>	<u>6,496,792</u>
Income before income taxes and extra- ordinary item	<u>352,631</u>	<u>308,914</u>
Income taxes (note 3)		
Current	159,000	146,000
Deferred	13,500	—
	<u>172,500</u>	<u>146,000</u>
Income before extraordinary item	180,131	162,914
Extraordinary item		
Past service pension contributions recovered, net of relative income taxes (note 3)	X 62,325	—
NET INCOME FOR THE YEAR	<u>\$ 242,456</u>	<u>\$ 162,914</u>

WOSK'S LTD.
and subsidiary company

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1969
(with comparative figures at December 31, 1968)

ASSETS	<u>1969</u>	<u>1968</u>
CURRENT ASSETS		
Cash	\$ 99,581	\$ 69,339
Accounts receivable	3,594,091	2,931,710
Inventory of merchandise at lower of cost and net realizable value	1,432,649	1,158,871
Prepaid expenses	23,495	9,380
	<u>5,149,816</u>	<u>4,169,300</u>
LAND HELD FOR FUTURE DEVELOPMENT, at cost	<u>847,218</u>	<u>—</u>
FIXED ASSETS		
Buildings and equipment, at cost	1,099,391	514,524
Less accumulated depreciation (note 2)	177,766	149,816
	921,625	364,708
Land, at cost	1,131,272	234,190
	<u>2,052,897</u>	<u>598,898</u>
	<u><u>\$8,049,931</u></u>	<u><u>\$4,768,198</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Bank loan, secured by general assignment of accounts receivable	\$2,900,000	\$2,400,000
Notes payable	50,000	125,000
Accounts payable and accrued liabilities	749,430	440,529
Income taxes payable	173,277	101,787
Principal instalments due within one year on mortgages payable	160,000	28,000
	<u>4,032,707</u>	<u>3,095,316</u>
MORTGAGES PAYABLE (note 4)	<u>645,424</u>	<u>181,987</u>
DEFERRED INCOME TAXES (note 3)	<u>13,500</u>	<u>—</u>
MINORITY INTEREST IN SUBSIDIARY COMPANY	<u>2</u>	<u>—</u>
SHAREHOLDER'S EQUITY		
CAPITAL STOCK (note 5)	1,682,500	20,000
RETAINED EARNINGS (note 6)	1,675,798	1,470,895
	<u>3,358,298</u>	<u>1,490,895</u>
Approved by the Board:	<u><u>\$8,049,931</u></u>	<u><u>\$4,768,198</u></u>
(Signed) BEN WOSK, DIRECTOR.		
(Signed) CAROL K. YOUNG, DIRECTOR.		

WOSK'S LTD.
and subsidiary company
CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1969
(with comparative figures for 1968)

	1969	1968
Balance at beginning of year	\$1,470,895	\$1,307,981
Net income for the year	242,456	162,914
	<u>1,713,351</u>	<u>1,470,895</u>
Share issue expense	37,553	—
BALANCE AT END OF YEAR	<u>\$1,675,798</u>	<u>\$1,470,895</u>

WOSK'S LTD.
and subsidiary company
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1969
(with comparative figures for 1968)

	1969	1968
SOURCE OF FUNDS		
Net income for the year	\$ 242,456	\$ 162,914
Items not involving current funds		
Depreciation	41,732	30,913
Deferred income taxes	13,500	—
	<u>297,688</u>	<u>193,827</u>
Decrease in special refundable tax	—	5,586
Increase in mortgages payable	463,437	11,353
Proceeds from issue of common shares	1,662,500	—
Minority interest in subsidiary company	2	—
	<u>2,423,627</u>	<u>210,766</u>
APPLICATION OF FUNDS		
Additions to fixed assets, net	1,495,731	45,491
Purchase of land for future development	847,218	—
Share issue expense	37,553	—
	<u>2,380,502</u>	<u>45,491</u>
INCREASE IN WORKING CAPITAL	43,125	165,275
WORKING CAPITAL AT BEGINNING OF YEAR	1,073,984	908,709
WORKING CAPITAL AT END OF YEAR	<u>\$1,117,109</u>	<u>\$1,073,984</u>

To the Shareholders of Wosk's Ltd.

We have examined the consolidated balance sheet of Wosk's Ltd. and subsidiary company as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting practice explained in note 2 to the consolidated financial statements, with which change we concur.

Vancouver, British Columbia
February 17, 1970.

Thomas, Brown, Helliwell & Clouston
Chartered Accountants.

WOSK'S LTD.
and subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1969

1. BASIS OF CONSOLIDATION

The consolidated financial statements for the year ended December 31, 1969 include the accounts of Wosk's Ltd. and its 75% owned subsidiary, Whistler Mountain Holdings Ltd. which was incorporated on June 18, 1969.

2. DEPRECIATION

In prior years depreciation was provided on values recognized and at maximum rates allowed for income tax purposes, including full provision on fixed asset additions during a year. During 1969, the company acquired substantial depreciable fixed assets during the latter half of the year. Accordingly, commencing with the current year depreciation is being provided on fixed asset additions from the date of acquisition only, and as a result consolidated net income for the year has been increased by approximately \$12,800.

3. INCOME TAXES

(a) The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes".

(b) During 1969 the company received a proposed income tax reassessment notice with respect to the years 1965 to 1968. As the Department of National Revenue intended to disallow as deductions from taxable income past service pension contributions totalling \$125,000 made in 1965 and 1966, the pension plan has been cancelled to this extent. The total amount refundable to the company, net of relative income taxes, has been reflected as an extraordinary item in the statement of income.

4. MORTGAGES PAYABLE

Maturity date	Payments, including principal, interest and property taxes	Rate of Interest	Principal balance at December 31,	
			1969	1968
October 8, 1970	\$737 monthly	7 %	\$ 5,004	—
November 1, 1971	\$7,500 semi-annually	7½ %	31,431	\$ 45,000
January 4, 1972	\$2,050 monthly	6¾ %	87,894	—
August 1, 1973	\$10,000 monthly	10 %	366,277	—
December 1, 1979	\$2,790 monthly	6¾ %	156,809	—
January 1, 1983	\$2,171 monthly	7¾ %	158,009	164,987
			805,424	209,987
Less principal instalments due within one year			160,000	28,000
			<u>\$ 645,424</u>	<u>\$ 181,987</u>

5. CAPITAL STOCK

(a)	Authorized	Issued	
		Number	Amount
December 31, 1969			
Common shares without par value, maximum issue price \$7	2,000,000	750,000	\$1,682,500
December 31, 1968			
Redeemable preference shares, par value \$1	150,000	—	—
Common shares, par value \$10	2,000	2,000	\$20,000

(b) During the year ended December 31, 1969 the company's memorandum of association was altered as follows:

- (i) subdividing and reclassifying the 2,000 issued common shares with a nominal or par value of \$10 into 500,000 common shares without nominal or par value;
- (ii) converting and subdividing the 150,000 authorized but unissued preference shares with a nominal or par value of \$1 into 1,500,000 common shares without nominal or par value;
- (iii) establishing \$7 a share as the maximum issue price at which the common shares may be sold; and
- (iv) converting the company from a private company to a public company.

(c) During the current year the company sold 250,000 common shares for \$1,662,500 pursuant to an underwriting agreement dated October 16, 1969.

6. RETAINED EARNINGS

Retained earnings includes an amount of \$148,624 which has been segregated pursuant to Section 63 of the British Columbia Companies Act.

7. LONG-TERM LEASE

One of the store premises occupied by the company is leased under an agreement expiring January 1, 1974. Current annual rental under the agreement is \$12,000.

8. DIRECTORS' REMUNERATION

Aggregate remuneration paid to directors as directors and officers of the company was \$38,360 for 1969 and \$57,590 for 1968.

